Declassified and Approved For Release @ 50-Yr 2014/01/15 : CIA-RDP79R01012A009800010005-0

19 November 1957

SECRET

NO. 246

SPECIAL NOV 22 1957

NATIONAL INTELLIGENCE ESTIMATE

NUMBER 31/1-57

(Supersedes NIE 31-57, insofar as Yugoslav foreign policies are concerned.)

YUGOSLAVIA'S INTERNATIONAL POSITION

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 19 November 1957. Concurring were The Director of Intelligence and Research, Department of State; the Assistant Chief of Staff, Intelligence, Department of the Army; the Director of Naval Intelligence; the Assistant Chief of Staff, Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

DOCUMENT NO. 1
NO CHANGE IN CLASS. ☐
X DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE:
AUTH: HR 70-2
DATE: 16 Jul 82 REVIEWER: 006514

SECRET

Declassified and Approved For Release @ 50-Yr 2014/01/15 : CIA-RDP79R01012A009800010005-0

Declassified and Approved For Release @ 50-Yr 2014/01/15 : CIA-RDP79R01012A009800010005-0

CENTRAL INTELLIGENCE AGENCY

DISSEMINATION NOTICE

1. This estimate was disseminated by the Central Intelligence Agency. This copy is for the information and use of the recipient indicated on the front cover and of persons under his jurisdiction on a need to know basis. Additional essential dissemination may be authorized by the following officials within their respective departments:

a. Special Assistant to the Secretary for Intelligence, for the Department of State
b. Assistant Chief of Staff, Intelligence, for the Department of the Army
c. Director of Naval Intelligence, for the Department of the Navy
d. Director of Intelligence, USAF, for the Department of the Air Force
e. Deputy Director for Intelligence, Joint Staff, for the Joint Staff
f. Director of Intelligence, AEC, for the Atomic Energy Commission
g. Assistant Director, FBI, for the Federal Bureau of Investigation
h. Assistant Director for Central Reference, CIA, for any other Department or Agency

2. This copy may be retained, or destroyed by burning in accordance with applicable security regulations, or returned to the Central Intelligence Agency by arrangement with the Office of Central Reference, CIA.

3. When an estimate is disseminated overseas, the overseas recipients may retain it for a period not in excess of one year. At the end of this period, the estimate should either be destroyed, returned to the forwarding agency, or permission should be requested of the forwarding agency to retain it in accordance with IAC-D-69/2, 22 June 1953.

4. The title of this estimate, when used separately from the text, should be classified:

FOR OFFICIAL USE ONLY

WARNING

This material contains information affecting the National Defense of the United States within the meaning of the espionage laws, Title 18, USC, Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

DISTRIBUTION:
White House
National Security Council
Department of State
Department of Defense
Operations Coordinating Board
Atomic Energy Commission
Federal Bureau of Investigation

Declassified and Approved For Release @ 50-Yr 2014/01/15 : CIA-RDP79R01012A009800010005-0

Declassified and Approved For Release @ 50-Yr 2014/01/15 : CIA-RDP79R01012A009800010005-0

YUGOSLAVIA'S INTERNATIONAL POSITION *

THE PROBLEM

To reassess Yugoslavia's present and future international position, particularly in respect to its relations with the Soviet Bloc, and to determine the probable effects of Western courses of action on Yugoslav policies.

SUMMARY AND CONCLUSIONS

1. The Yugoslav leaders have appeared convinced that the USSR under Khrushchev is willing to live with Yugoslav independence and with gradually increasing autonomy among the Satellite regimes. They hope to insure the security of their country and the maintenance of their own regime and to increase their influence in the Communist world by supporting Khrushchev and what they believe to be Khrushchev's anti-Stalinist policies. As long as Belgrade assesses Soviet policies favorably, we believe that Yugoslavia will maintain its rapprochement with the USSR and may gradually move toward a somewhat closer alignment within limits which would safeguard its independence.

2. However, we see many possibilities of an interruption in the trend toward closer alignment. A Soviet reversion to tough Stalinist policies, such as undue pressure on Yugoslavia or a tough line in the European Satellites, or a variety of other possible developments could lead again to strained relations or even to another break. The Zhukov ouster, for example, apparently has already prompted Belgrade to take another look at its policy toward the USSR.

3. Moreover, we believe that there are distinct limits on how far Tito feels he can safely go toward Moscow. We believe that he will not be willing to make himself militarily or economically dependent on the USSR, or to join the Warsaw Pact or the Council of Economic Mutual Aid. Within the general trend of his policy, moreover, we think that Tito will be alert to any Soviet attempts to assert control over him, and to any other Soviet actions or policies which appear dangerous to Yugoslav interests; if he feels that such developments are occurring he will almost certainly desire to turn away from a close Soviet alignment.

* This estimate supersedes NIE 31-57: *Yugoslavia's Policies and Prospects*, 11 June 1957, insofar as Yugoslav foreign policies are concerned.

Declassified and Approved For Release @ 50-Yr 2014/01/15 : CIA-RDP79R01012A009800010005-0

Declassified and Approved For Release @ 50-Yr 2014/01/15 : CIA-RDP79R01012A009800010005-0

4. In any event, the Yugoslavs will probably remain sufficiently suspicious of Soviet intentions and concerned enough over possible reversals in Soviet policy to strive to keep a door open to the West. By themselves, Western policies regarding the Yugoslav-Soviet rapprochement probably could not decisively influence Yugoslav policies, but they could lead Belgrade to limit its pro-Moscow moves. For example, US aid, while probably not so vital as to cause Tito to alter his basic policy to ensure it, is probably sufficiently important to lead him to take some pains to retain it, at least in part. Hence:

a. Postponement or the threat of further reductions in US aid might cause the Yugoslav regime to make some political gestures favorable to the West, and to be more cautious in its approach to the USSR.

b. Complete withdrawal of US aid and moral support would not only weaken his ability to maintain his independence but would also seriously reduce the US's leverage on Tito's future moves.

c. Continuation of substantial US aid, irrespective of Tito's attitude toward Moscow, would probably reinforce Tito's confidence that the West was committed to his support, and that he could maintain his independent position even while he aligned some policies more closely with those of the Soviet Union.

DISCUSSION

5. Despite a number of ups and downs, there has been a gradual Yugoslav-Soviet rapprochement since Bulganin and Khrushchev made their pilgrimage to Belgrade in June 1955. Yugoslavia's Communist leaders were never happy with their estrangement from the Communist world, which they regarded as forced upon them by Moscow. In their view the shifts in Soviet policy since Stalin's death, together with Moscow's initiative toward reconciliation, have permitted the resumption of closer ties with the Bloc countries.

6. For their part, the present Soviet leaders, especially Khrushchev, appear to believe that the split with Yugoslavia was one of Stalin's major policy failures and that the prospective gains from a rapprochement outweigh such possible dangers as Yugoslavia's potentially disruptive influence on the Soviet Bloc. Moscow's immediate objective has probably been to re-establish close party and state relations with Belgrade and, concomitantly, to encourage a weakening of Yugoslav ties with the West; the ultimate objective is to bring Yugoslavia back into the Bloc.

7. Though both sides thus have strong reasons to resume close relations, their often conflicting attitudes and interests have led to periodic interruptions in the rapprochement; Yugoslav-Soviet relations since 1955 have alternated sharply between recrimination and reconciliation. Most notably, the Hungarian revolt and Soviet intervention led to a bitter dispute which has only recently subsided. Such factors as the play of events in Eastern Europe and the Yugoslav estimate of Soviet policies will continue to play a critical role in determining Yugoslav-Soviet relationships; it is within this context that the possibilities of a continued trend toward close relations — or of new interruptions or even sharp reversal — must be examined.

THE CURRENT RAPPROCHEMENT WITH THE BLOC

8. Following almost a year of strained relations, the Soviet-Yugoslav rapprochement was resumed in July 1957 when Khrushchev publicly urged the settlement of outstanding problems and indicated his willingness to meet with Tito. Already optimistic about Soviet

Declassified and Approved For Release @ 50-Yr 2014/01/15 : CIA-RDP79R01012A009800010005-0

Declassified and Approved For Release @ 50-Yr 2014/01/15 : CIA-RDP79R01012A009800010005-0

policy after the June purge in the Kremlin removed his arch-antagonist, Molotov, Tito sent his two top advisers and an economic delegation to Moscow. Bloc polemics against Tito ceased and an agreement was signed for the resumption of some $250 million in Soviet and East German development credits. Shortly thereafter Tito and Khrushchev, meeting at a "half-way" point in Rumania, apparently agreed that their strained relations should be repaired as quickly as possible. For his part, Tito probably made at least two moves largely designed to support Khrushchev; he agreed to give the USSR more support in foreign policy and he promised to exert his influence to prevent ferment in Eastern Europe.

9. Since the Tito-Khrushchev meeting, Yugoslav-Soviet relations have rapidly improved. In recent months, for example, Yugoslavia was the only non-Bloc state to cast its UN vote on Hungary with the USSR and the first non-Bloc state to recognize East Germany. Tito also gave qualified approval to Rumania's proposal, probably Soviet-inspired, for a conference of all the Balkan states. Yugoslav propaganda has adopted a markedly pro-Moscow line and engaged in increasing criticism of the West. Tito himself, writing for *Foreign Affairs*, expressed confidence in the peaceful intentions of the USSR and implied that the West now represented the major obstacle to world peace. Yugoslav relations with the Satellites, particularly Poland and Rumania, also have improved. While relations with Czechoslovakia, Hungary, and Bulgaria are still cool, though correct, only relations with Albania remain strained.

10. Tito's meeting with Gomulka, evidently arranged with Khrushchev's acquiescence, was predicated on the desire to establish closer political, ideological, and economic contacts, and was probably designed to enhance the stability of the Polish regime. In order to reassure Moscow, solidarity with the USSR was made the keynote of the communique and speeches, but the fact that both leaders reaffirmed their belief in the equality of all socialist states and agreed to consult "when necessary in the interests of peace and security" implied that both would be opposed to any Soviet reversion to Stalin's policy in Eastern Europe. Tito asserted that Soviet insistence on the concept of the "Socialist camp" was the principal cause of recent Yugoslav misunderstandings with the USSR.

11. Currently, the Yugoslav leaders appear to be having second thoughts about the trend of their policy toward the USSR. In fact, Vilfan, Tito's chef de cabinet, recently implied that another look at Yugoslav foreign policies is already underway as a result of Belgrade's bafflement and concern over the Zhukov affair. Second thoughts are also implied by privately-expressed Yugoslav concern over Soviet belligerence in the Syrian situation. These factors, plus increasing official concern over the state of Yugoslavia's relations with the West, probably led to Tito's decision not to attend the ceremonies of the 40th anniversary of the October Revolution in Moscow.

12. Largely as a result of Yugoslavia's pro-Soviet actions, its relations with the West apparently have reached their lowest point since the Trieste crisis in 1953. Belgrade apparently did not expect either the West German severance of diplomatic relations or the US decision to re-examine its Yugoslav aid program.

13. In an attempt to redress the balance, the Yugoslav leaders have privately insisted that their policy toward the USSR does not represent any change in strategy and is not intended to jeopardize their ties with the West; publicly, they sent Vice President Kardelj to Greece on a good-will mission, they have continued their bilateral military exchanges with the Greeks, and they have continued to pay lip service to the Balkan Pact. Finally, Tito's decision not to go to Moscow also presented an opportunity to make a reassuring gesture to the West.

YUGOSLAV MOTIVES AND OBJECTIVES

14. As Communists, the Yugoslav leaders have tended to regard their alienation from the Soviet Union and other Communist states as fundamentally abnormal and undesirable. They regard the 1948 break as having been forced upon them by Stalin, whose policies they felt threatened the very existence of the Yugoslav party and state. Since the death

Declassified and Approved For Release @ 50-Yr 2014/01/15 : CIA-RDP79R01012A009800010005-0

Declassified and Approved For Release @ 50-Yr 2014/01/15 : CIA-RDP79R01012A009800010005-0

of Stalin, and particularly since the Khrushchev visit to Belgrade in May 1955, there has been a gradual change in the Yugoslav view of this Soviet menace. Belgrade persuaded itself that the USSR under Khrushchev had decided to live with Yugoslav independence and the Yugoslav road to socialism, and was genuinely anxious for a rapprochement with Tito. Although they may now have doubts as a result of the Zhukov ouster, the Yugoslav leaders have looked upon Khrushchev as the chief architect of new, more enlightened Soviet policies and are anxious lest opponents of these policies wrest control from Khrushchev and restore the Stalinist doctrine.

15. Developments in Eastern Europe since the Poznan riots were also behind the Yugoslav desire to support Khrushchev's policies. Yugoslav confidence in the stability of Communism in Eastern Europe was badly shaken by the Hungarian revolt. Belgrade also now probably views anti-Soviet nationalist ferment in the Satellites as a hazard to its own security. The Yugoslav leaders fear that the growth of such ferment would lead to Soviet intervention in the Satellites or at least the reimposition of a much harsher line, which, in turn, might lead to a tougher Soviet attitude toward Belgrade. They are also concerned lest Satellite ferment inspire similar unrest in Yugoslavia itself. Thus, Tito probably warned Gomulka to crack down on dissidence at home and to avoid antagonizing the Soviets.

16. At the same time, the Yugoslavs have not abandoned their longer-run aim of encouraging a trend toward greater Satellite autonomy and they have regarded Khrushchev as the chief Soviet exponent of such a trend. The Yugoslav leaders almost certainly view the emergence of independent Communist states as one of the best ways to reduce the Soviet threat to Yugoslavia. Further, they anticipate a great growth of their own prestige in Eastern Europe, particularly in the Balkans. They appear to have convinced themselves that the current trend toward rapprochement will lead to increased Yugoslav influence on Moscow itself and the Sino-Soviet Bloc as a whole; Tito may even foresee a time when his acknowledged stature among Communists will be comparable to that of Khrushchev and Mao Tse-tung. These factors constitute additional reasons for Belgrade's support of Khrushchev's policies, for these Yugoslav goals could be achieved, if at all, only in the event of further relaxation of Soviet controls in Eastern Europe.

17. Yugoslavia's growing mistrust of Western policies is also partly responsible for its willingness to move toward closer associations with the Bloc. Belgrade, when physically threatened by the Bloc, saw its salvation in Western aid and support, but, with the death of Stalin and the passage of time, its fear of Soviet aggression has diminished and it has become increasingly concerned about Western intentions. The Yugoslav belief that the US encouraged anti-Communism during and after the Hungarian revolt brought to the fore previously latent fears that US policy poses a potential threat to all Communist states, including Yugoslavia. American publication of the Djilas book, *The New Class*, coupled with American press reaction to that book, was also interpreted in Belgrade as indicative of basic US hostility toward the Yugoslav regime.

18. On the other hand, the value of Yugoslavia's ties with the West must be painfully evident to the Yugoslav leaders. Economically, Tito's dependence on outside assistance during the next few years means that alienating the West would render him dangerously dependent on Soviet good will; politically, to alienate the West would be to throw away much of his bargaining power in the East and seriously to reduce his international stature.

19. As national Communists, moreover, the Yugoslav leaders recognize that it would be dangerous to commit themselves too far to Moscow. The USSR's continuing determination to dominate Eastern Europe poses a threat to Yugoslavia's security and the achievement of Yugoslav goals. Important differences, such as the question of the "leading role" of the Soviet Union in the "socialist camp," still remain unsettled. Recent events have reminded the Yugoslavs that not only is Khrushchev unpredictable but also that he may eventually be ousted by Soviet leaders

Declassified and Approved For Release @ 50-Yr 2014/01/15 : CIA-RDP79R01012A009800010005-0

Declassified and Approved For Release @ 50-Yr 2014/01/15 : CIA-RDP79R01012A009800010005-0

who are less favorably disposed toward Belgrade. Likewise, experience with Soviet economic and military control prior to 1948 revealed to the Yugoslav leadership the dangers inherent in undue dependence upon the USSR.

20. Belgrade's determination to retain its independence — freedom from Soviet interference in domestic matters and the ability to pursue foreign policies different from those of the USSR — does not appear to have diminished. Yugoslav nationalism and pride in their independence remain strong. They have publicly reiterated their claim to sovereignty and equality among Communists, most recently during the Tito-Gomulka talks, and they appear to be committed to the development of their peculiar brand of Communist theory. All these factors place limits on the extent to which Tito will advance on the road to Moscow.

INTERNAL FACTORS AFFECTING YUGOSLAV POSITION

21. There is evidence that the rapprochement between Tito and Khrushchev has caused considerable uneasiness within the Yugoslav party, though it is almost certainly supported by most of its members. Certain elements fear that national interests may be injured and independence unwittingly compromised; those intellectuals who favor greater internal liberalization are concerned lest ties with Moscow bring pressure for greater orthodoxy. Fear that Tito's policies will bring Yugoslavia perilously close to a break in its ties with the West is also prevalent in some party circles. It is possible that some party leaders — such as Kardelj — have argued against some of Tito's tactics. However, we have no evidence that any serious disaffection exists in the top leadership and even among the middle level of functionaries the attitude appears to date to be more apprehensive than disaffected and it seems to represent little or no threat to Tito's position.

22. The trial of Milovan Djilas was in part intended to serve as a warning to those elements who might be wavering in their support of current policies that deviations will not be tolerated. It also served, however, to strengthen the fears of those in the party who are concerned about the possibility of a tougher internal line and who view the trial as primarily the result of Soviet pressure.

23. There also appears to be some public anxiety lest Tito's maneuvers lead to a tougher line at home and also cause a serious falling out with the West. Should this occur, Tito's prestige as the man who moved away from Communist orthodoxy, who defied Stalin and received support from both West and, later, East, would decline sharply. However, there is no evidence that popular uneasiness has reached the level of serious discontent.

24. The currently favorable economic situation — a bumper grain harvest (the biggest since 1938), a significant rise in industrial production, and a boom in foreign trade — gives Tito added flexibility in his international dealings. Nevertheless, Yugoslavia is still faced with major economic problems. At least for the next few years, it will remain dependent on foreign grants and credits to finance further industrial development and to maintain the standard of living.

25. In sum, internal political and economic considerations reveal both advantages and drawbacks in closer relations with the USSR and thus far do not appear to have been determining factors in the trend of Yugoslav policy. Yugoslavia's economic needs, for example, led to efforts to obtain aid from both East and West. Pro-Western attitudes in the party and among the population at large probably induce the regime to be somewhat cautious in its approach to the Soviet Bloc, but simultaneously tend to encourage the regime to tighten controls and move more toward Communist orthodoxy as a means to head off potential ferment.

26. As long as Tito can prevent Soviet encroachment and avoid a severe reduction of Western aid and support, he will almost certainly be able to retain his hold on the party and the people, and thus maintain his current policy toward the USSR without major difficulties at home. If Western aid and support should be cut off, however, party dissension

Declassified and Approved For Release @ 50-Yr 2014/01/15 : CIA-RDP79R01012A009800010005-0

Declassified and Approved For Release @ 50-Yr 2014/01/15 : CIA-RDP79R01012A009800010005-0

would probably grow, public antagonism would almost certainly increase and the economy be subject to new strains. In this event, Tito would probably be forced to rely more and more on repressive controls.

27. With the death of Tito, the immediate transition to a successor might be smooth on the surface but this would almost certainly bring to the fore a number of problems that have heretofore been kept under control rather than solved, and would thus introduce a new element of uncertainty into Yugoslav policies. Factionalism within the party, based on ethnic diversities and on differences of opinion concerning domestic and foreign policies, could lead pro-Soviet elements to seek some form of support from the USSR. The chances of such a move would be greater if popular dissidence assumed major proportions. On balance, however, we continue to estimate that a national Communist regime, in the Tito tradition, will probably retain its hold on Yugoslavia.

PROBABLE TRENDS IN YUGOSLAV FOREIGN POLICY

28. A continuation of the rapprochement with the USSR will depend to a large degree on Soviet policies and actions. So long as the Yugoslav leaders believe that Khrushchev's policies are favorable to them, that a trend towards autonomy in the Satellites will continue, and that they will be able to increase their own role in Communist affairs, they will probably continue to seek close relations with Moscow.

29. In this event, we believe that Yugoslavia — although somewhat restrained by its recognition of the value of ties with the West — would continue to keep its foreign policy primarily in line with that of the Bloc. It might indeed play a more active role in supporting certain features of Bloc policy in the UN and in certain underdeveloped areas. It might sporadically attempt to play a mediating role between East and West, in order to preserve some semblance of a middle position, but the Yugoslav "middle position" would probably more often than not reflect Soviet policy.

30. In Bloc and Communist affairs, Yugoslavia would share a growing identity of interests with the USSR and would probably become increasingly susceptible to political, economic, and psychological inducements. In respect to minor issues, it would probably subscribe to the Chinese Communist dictum that differences between socialist states should be kept within the family. Although it would almost certainly refrain from joining the Warsaw Pact, Belgrade would probably participate more actively in important intra-Bloc and international Communist meetings at least as an observer.

31. Trade with Bloc countries would also probably grow. The number of aid agreements would probably increase, particularly if similar arrangements with the West were curtailed or eliminated by Western action. However, the Yugoslavs will want to maintain substantial trade with areas outside the Bloc.

32. With respect to military aid, Yugoslavia almost certainly continues to believe that a strong military posture is essential to its independent position, and that in the long run further outside aid is necessary for this purpose. The Yugoslavs would probably prefer to receive military assistance from the West but they almost certainly estimate that the closer the rapprochement with Moscow, the more likely the West will be to reduce further or terminate such aid. Tito could get along for some time without outside military aid, but sooner or later would probably accept some from the Bloc. Tito would probably prefer to buy his military equipment, and would insist that no strings be attached. He would be particularly anxious for manufacturing licensing agreements, which would permit Yugoslavia to manufacture its own arms and equipment.

33. However, we see many possible developments which might lead to an interruption or even a sharp reversal of Yugoslavia's recent policies. For example, no matter what the specific Soviet attitude concerning Yugoslavia, Belgrade will oppose any Soviet foreign policies that it feels seriously increase the danger of general war. Similarly, if, in Yugoslav eyes, the USSR reversed its relatively "liberal"

Declassified and Approved For Release @ 50-Yr 2014/01/15 : CIA-RDP79R01012A009800010005-0

Declassified and Approved For Release @ 50-Yr 2014/01/15 : CIA-RDP79R01012A009800010005-0

policy toward the European Satellites, Belgrade would probably, at a minimum, draw back from its association with Moscow. A similar response could be expected in the event of undue Soviet pressures against Yugoslavia's continued ties with the West, which Belgrade will strive to keep open.

34. In addition, there is some chance that, despite Belgrade's apparent acceptance, for the time being, of the status quo in Eastern Europe, Yugoslavia's special position as a Communist state outside the Bloc will encourage the growth of nationalist forces in the Satellites. In this event, Moscow might revise its present attitude toward Yugoslavia and place added pressures on Belgrade to conform to Bloc standards. A Yugoslav miscalculation could lead to an overly-ambitious attempt to influence events in Moscow or to bring about reforms in the Satellite regimes, either one of which moves would also probably lead to Soviet countermoves.

35. As this paper is written, evidence indicates that Zhukov's removal is causing some uncertainty and concern in Belgrade. If interpreted as a move by Khrushchev toward absolute power, the Yugoslavs will have to consider whether the policies of Khrushchev, as dictator will continue to be favorable to Yugoslav interests. If, on the other hand, they believe that the Stalinists were responsible for the ouster — as has been indicated by some Yugoslav officials — Belgrade's fear of a change in Soviet policy will become more immediate. At any rate, a Yugoslav reconsideration may result in a change in Belgrade's tactics and — depending on Moscow's response — even a resumption of Soviet-Yugoslav polemics. In the event of an impairment of good relations — rather than an outright break — Tito would probably react, as he has in the past, with a mixture of defiance and conciliation.

36. The Yugoslavs will almost certainly remain suspicious enough of Soviet intentions and concerned enough over possible reversals in Soviet policy to strive to keep a door open to the West. By itself, Western opposition to the Soviet-Yugoslav rapprochement would probably not restrain Belgrade from pressing its current policy. However, given Yugoslav uncertainty over future Soviet policies, the actions of the West could limit the extent of pro-Moscow moves. We believe that Tito would be very reluctant to risk complete alienation from the West.

37. Complete withdrawal of American economic aid and moral support would weaken Tito's ability to maintain his independence and would put him at a serious disadvantage in bargaining with the Soviet Union. It would also deprive the US of much of its leverage on Tito's future moves. Continuation of substantial US aid, irrespective of Tito's attitude toward Moscow, would probably reinforce Tito's confidence that the West was committed to his support, and that he could maintain his independent position even while he aligned some policies more closely with those of the Soviet Union.

38. The effect of a postponement or the threat of further reductions in US aid would depend on the method of implementation. Tito realizes that loss of US economic support would seriously weaken his long run bargaining position with Moscow and might force him into economic and ultimately political dependence on the Soviet Union. If US aid were reduced in such a way as to minimize affront to Yugoslav prestige, Tito would probably make some political gestures favorable to the West for the purpose of keeping the door open.

39. Should the US reduce or eliminate its aid to Yugoslavia, the USSR would probably take advantage of the situation by offering further assistance. Sooner or later Yugoslavia would probably accept such assistance, but we believe that it would be concerned lest it become dangerously dependent on the USSR.

40. As long as Belgrade favorably assesses Soviet policies, we believe that Yugoslavia will maintain its present rapprochement with the USSR and may gradually move towards a somewhat closer alignment. However, we believe that there are limits on how far Tito feels he can safely go. For example, we believe that he will not be willing to make himself militarily or economically dependent on the USSR, or to join the Warsaw Pact or

Declassified and Approved For Release @ 50-Yr 2014/01/15 : CIA-RDP79R01012A009800010005-0

Declassified and Approved For Release @ 50-Yr 2014/01/15 : CIA-RDP79R01012A009800010005-0

CEMA, or to proceed so far in the Soviet alignment as to cut off altogether his ties with the West. Within the general trend of his policy, moreover, we think that Tito will be alert to any Soviet attempts to assert control over him, and to any other Soviet actions or policies which appear dangerous to Yugoslav interests; if he feels that such developments are occurring he will almost certainly desire to turn away from a close Soviet alignment.

Declassified and Approved For Release @ 50-Yr 2014/01/15 : CIA-RDP79R01012A009800010005-0

Declassified and Approved For Release @ 50-Yr 2014/01/15 : CIA-RDP79R01012A009800010005-0

Declassified and Approved For Release @ 50-Yr 2014/01/15 : CIA-RDP79R01012A009800010005-0